

IRS SEEKS COMMENT ON DRAFT FORM FOR INNOCENT SPOUSE RELIEF

WASHINGTON -- The Internal Revenue Service is requesting comments on a draft form to be used by taxpayers seeking innocent spouse relief under the expanded provisions of this summer's IRS Restructuring and Reform Act. The IRS set a comment deadline of November 30, with the aim of finalizing the form by year's end.

"Implementation of the new innocent spouse provision is one of my top priorities," said IRS Commissioner Charles O. Rossotti. "The taxpayers affected by this change in the law have been among the nation's most vulnerable and will benefit significantly from the enhanced relief provided to them in the Restructuring legislation. To that end, we are working hard to provide assistance to permit those taxpayers to take advantage of that relief."

When a married couple files a tax return jointly, each spouse is fully liable for any taxes owed, including any additional assessments that may result after an audit. In some situations, however, the law provides relief for a spouse who did not know about the transactions that resulted in the tax.

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The IRS Restructuring Act eased the existing requirements for “innocent spouses” to get relief from tax liabilities where the IRS has assessed additional tax. In addition, the law now allows certain divorced or separated spouses to elect separate liability on additional assessments of tax -- which means that taxpayers may allocate the tax according to each person’s share of the items at issue.

The new law also permits the IRS to grant equitable relief in certain cases where the spouse does not qualify for relief under the expanded innocent spouse or separate liability provisions. Such a situation might arise when one spouse did not know, and had no reason to know, that the other spouse took the money intended for paying the tax and used it for his or her own benefit instead.

Earlier this year, the IRS introduced Form 8857, “Request for Innocent Spouse Relief,” to assist taxpayers seeking relief under the old law. The IRS has revised this form to reflect the expanded relief available and invites public comment on this draft form until November 30. The draft form will be available in the Tax Professional’s Corner of the IRS Web site at *www.irs.ustreas.gov* and will be published in the Internal Revenue Bulletin 1998-44, dated November 2, as Announcement 98-95. Interested persons may send comments by mail to Chairman, Tax Forms Coordinating Committee, IRS, OP:FS:FP, Room 5577, 1111 Constitution Ave., NW, Washington, DC, 20224, or by fax to 202-622-5025, or by e-mail to *tfpmail@publish.no.irs.gov*.

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The IRS has already taken several steps toward implementing the new law's relief provisions, including:

- suspending collection action in regard to an individual who files an innocent spouse claim or requests innocent spouse relief from an IRS employee;
- automatically considering whether a person qualifies for equitable relief if the person does not qualify for innocent spouse relief or for separation of liability;
- holding equitable relief claims in suspense until it issues guidelines for handling them; and
- issuing Notice 1213 as an interim measure to assist people in using the current Form 8857 to request relief.

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